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CENTRAL INTELLIGENCE AGENCY

REPORT NO.

INFORMATION REPORT

COUNTRY

China

DATE DISTR.

5 April 1948

SUBJECT

Transmittal of Clippings

NO. OF PAGES

1

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SOURCE **Cover**

Enclosed are clippings from Shanghai and Beijing publications, which may
serve to supplement information matters connected with
General Boshchin's appointment as USSR Ambassador to China. This material
is forwarded for your retention.

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On February 22 the *United Press*, Shanghai Branch, claimed to have learned from a most reliable source that Soviet Russia—indirectly but through channels which she knew would be certain to reach official Nanking—had submitted a proposal which Moscow would consider as the basis for assuming a role of mediation in the Chinese Civil War. The same day the Nanking Branch of the *United Press* reported that Generalissimo Chiang Kai-shek had given his consent to a high Chinese Government official to attempt to reopen negotiations with the Communists. It was stressed that the Generalissimo did not initiate the idea but merely gave his consent to a high placed member of his Government who asked for permission to try to negotiate a settlement of the Civil War with the Communists. The said official is reported to be in "indirect contact" with the Communists through personal intermediaries, and thus far there had been no concrete result.

The story of Soviet Russia's offer to mediate in China's Civil War and the reported consent of Generalissimo Chiang to reopen peace negotiations between the Government and the Communists were categorically denied by a spokesman for the Government Information Office, who stated that the "rumor is absolutely unfounded, apparently designed to disturb the public mind in the midst of the bandit-suppression campaign." Explaining his earlier statement to the *United Press*, Ambassador Stuart said: "I have no knowledge of any step by either side which would lead to the resumption of conversations aimed at a peaceful settlement of their dispute."

Well-informed political circles disclosed that Nanking is in dire need of a breathing space and the movement for resuming talks with the Communists has been gaining ground recently with the unfavorable turn in the military situation. The United States Government was understood to favor an early reopening of such talks. However, as the situation stands today, it seems still too early to expect any clarification of the situation in the immediate future. The circulation of "peace rumors" at least served to indicate that the political situation in this country is steadily approaching a climax.

President

N. C. P. 53

Shao Li-tze on

His Life in Moscow

Nanking, Mar. 4.—*Reuter-AAP*.—Mr. Shao Li-tze, Secretary-General of the People's Political Council and former Chinese Ambassador to the Soviet Union, today denied a press assertion that his tenure of office in Moscow was served out "under hard living conditions."

He was answering an editorial in a local daily, which asserted that as an Ambassador to the Soviet Union Mr. Shao's salary and allowance "were barely enough for his subsistence, while the members of his staff were even worse off."

"All through my life I've never cared for personal enjoyment nor made any complaints about life being imperfect in Moscow or in any other place," he declared. He revealed that during his stay in Moscow he remitted to the National Treasury on three occasions funds saved from Embassy appropriations. In so, he added, he totalled US\$20,000.

All such conflicting reports of peace feelers and strengthening the KMT's anti-Red, anti-everybody else policy seem to mirror the conditions inside the party itself. While seasoned observers are not willing to make many predictions about compromise or no compromise at this point, they do see a first-class internal battle shaping up between various Kuomintang cliques. It is now more than three weeks since the Generalissimo went to Lushan for the Chinese New Year. His absence from the capital at this critical time is viewed with alarm by many groups. Virtually all are agreed, however, that Chiang is doing some serious thinking about the situation. Gossip from Kuling has it that he spends much of his time alone pacing the floor, etc. The Political Science Clique, which recently has declined in power and prestige within the Party, is reported to be urging the reopening of peace talks, figuring that, (1) the military situation is hopeless and all will be lost unless the Reds are brought to terms and (2) that they, as "moderates," would stand a fair chance for power in a coalition regime. An influential group of KMT elder statesmen such as Shao Li-tze and Yu Yu-jen also are urging peace talks, as are a number of disillusioned generals who see no chance of beating the Reds. Such feelings are reported very strong among the younger officers. On the other side, though, is the powerful, reactionary CC Clique which well knows that the Reds would insist upon its exclusion from any coalition. The Generalissimo himself is swayed by conflicting emotions. Bitterly anti-communist, he would personally like to continue the war, especially since the Reds have publicly called him an enemy of the people and announced that they will have no part of a government in which he figures. Also, weighing against compromise, is the new prospect for American aid. Lined up against these feelings and hopes, however, is the clear fact of the Government's extremely precarious military situation which is dangerously worsening daily. In any event, observers predict a decision soon.

EXTRACTS FROM THE SHANGHAI RUSSIAN LANGUAGE NEWSPAPER "VOENNOYE DVOYKHO" (VOENNOYE DVOYKHO),
APPROVED FOR RELEASE 2002/08/14 : CIA-RDP83-00446R0001000300070251 INYA),

DATED 29 FEBRUARY 1948.

N.V. ROSHCIN HAS BEEN APPOINTED AMBASSADOR TO CHINA.

According to Radio Moscow, General-Major Roshchin has been appointed Soviet Plenipotentiary Ambassador to China.

N.V. Roshchin, former military attache of the Soviet Embassy in China, left for his motherland last month. Roshchin first arrived in China in 1939 as assistant-military attache. In 1941 he was appointed acting military attache. In 1944, Roshchin being a colonel, returned to the Soviet Union and took part in the campaigns on the Third Byelo-Russian Front in Eastern Prussia. In July 1945 he returned to China in the rank of General-Major.

Roshchin has been awarded two medals of Lenin, one medal of Kutuzov, two medals of the Red Banner, medals of the "20 Years of the Red Army", a medal for "Victory over Germany" and a medal for "Victory over Japan".

- 5 -

"The liberals of China should recognize this fact and adopt a positive policy, based upon their fervent love of their country and democratic institutions, of making constructive criticism with the object of helping the Government to reform and make the Government merge with the liberals so that effective reforms which represent the wishes of the people can be made. Only in this manner can the present crisis of China be safely and speedily tided over", continued the Ambassador.

Referring to foreign aid the Ambassador said: "On the whole, foreign aid is economic in nature and at the most it is military in nature, but political reform must come from within and on the initiative of the Chinese Government. This is the reason why we hope the liberal elements of Chinese intellectuals will lead such a movement and help President Chiang Kai-shek and the National Government realize the much desired political reforms. If the liberals are going to shoulder this sacred responsibility and perform the duty of a citizen then corrupt and reactionary elements can be eliminated with ease."

"The Communist problem will also be solved", Dr. Stuart added.

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Hsin Min Pao (Independent), Nanking,
February 24, 1948.

Shao Li-tze Denies Peace-talk

The Communist Secretary General of the People's Political Conference, analyzed the possibility of a peace-talk which has been rumored recently, saying: "There have been many rumors and denials about the resumption of peace-talks between the Government and the Communists recently. If we look soberly into the matter, we can see that a peace-talk is impossible for the time being. The Communists have no desire for peace and the Government will not ask for peace alone. No single peace-maker can bring about the resumption of peace talks. Hence the talk would be impossible unless the United States and the Soviet Union would undertake to make peace jointly."

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Ta Keng Pao (C.C. Organ), Nanking,
February 24, 1948.

Government Official Denies Peace-talk

(Our own reporter) - An important Government official denied the rumored peace-talks to our reporter recently, saying that talks of peace would be nothing but an "idiot's dream". "The Communists have not changed their attitude of regarding peace as an enemy," this person continued, "and they believe that any mention of peace would effect their revolutionary morale. Hence they would attack any peace-advocator without hesitation." According to his observation, the Communists would not give up their arms and yield to a peace-settlement, unless under one of the following three conditions: (1) if they were forced to resort to peaceful channels by foreign pressure, (2) if they were made to realize their mistakes by the Government forces and (3) if they should be deserted by the people and be deprived of their social foundation. As far as the present is concerned, none of the conditions has come true, he stated.

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- 6 -

Chung Yang Jih Pao (KMT Party organ), Nanking,
February 24, 1948.

Soviet Embassy Denied Peace Talks

(Central News Agency) - A spokesman of the Soviet Embassy denied the UP report that a certain Soviet official has unofficially proposed to the Chinese Government that he is willing to mediate in peace talks between the Government and the Communists. The spokesman told this reporter yesterday morning: "This report is groundless."

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(Our own reporter) - According to reliable sources, the Soviet Government has decided to appoint the former military attache, Gen. Roschin Ambassador to China. Gen. Roschin has stayed in China for a long time and knows China very well. The new appointment is a happy coincidence with the prolongation of the Non-aggression Pact between Soviet Russia and China.

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Ta Keng Pao (C.C. Organ), Nanking
February 24, 1948.

Ma Chan-shan on the Situation of the North East

Shanghai (Feb. 23, special despatch) - Reputed personages of the North East, Ma Chan-shan, Wen Fu-lin, Chang Tso-hsiang, etc., arrived here on their way to Nanking, and held a press conference today. At the conference they made reports on the crisis in the North East. According to them, the North-eastern provinces are at their gravest crisis. Food has become a great problem for the people in the North East. If Mukden continues to be isolated from the interior areas, it is afraid the people in the North East may die of starvation. Militarily, the situation is more grievous. In case the North East is entirely occupied by Communists, within three months, the North China will be dominated by red rebels. And within half a year the Southern China is expected to be under Communist control, should the North fall into the hand of the Communists. As peace in China affects directly the order of the world, they hope the American people will attend to the crisis in the North East. Of course the Government should try all means to maintain the security of the North East and make efforts to better the situation there.

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Hsin Min Pao (Independent), Nanking
February 24, 1948.

Yen Hsi-shan Impeached By Members of The Control Yuan

(Our own reporter) - The Control Yuan held a meeting yesterday morning. In the meeting, Miao Pei-ch'eng reported on the charges against Yen Hsi-shan, Governor of Shansi. Yen Hsi-shan is a Kuomintang member, but he has adopted some of the Communist measures and terms. Besides, he imprisoned people without cause and had many people beaten to death. In so doing, he has acted against the Constitution and the Government policy. Consequently he should be penalized. Finally the act of impeaching Yen Hsi-shan was passed.